

3 February 2021

Argentina



2020

Earnings Presentation



Important Information

Non-IFRS and alternative performance measures

This presentation contains, in addition to the financial information prepared in accordance with International Financial Reporting Standards (“IFRS”) and derived from our financial statements, alternative performance measures (“APMs”) as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA) on 5 October 2015 (ESMA/2015/1415en) and other non-IFRS measures (“Non-IFRS Measures”). These financial measures that qualify as APMs and non-IFRS measures have been calculated with information from Santander Group; however, those financial measures are not defined or detailed in the applicable financial reporting framework nor have been audited or reviewed by our auditors. We use these APMs and non-IFRS measures when planning, monitoring and evaluating our performance. We consider these APMs and non-IFRS measures to be useful metrics for our management and investors to compare operating performance between accounting periods, as these measures exclude items outside the ordinary course performance of our business, which are grouped in the “management adjustment” line and are further detailed in Section 3.2 of the Economic and Financial Review in our Directors’ Report included in our Annual Report on Form 20-F for the year ended 31 December 2019. Nonetheless, these APMs and non-IFRS measures should be considered supplemental information to and are not meant to substitute IFRS measures. Furthermore, companies in our industry and others may calculate or use APMs and non-IFRS measures differently, thus making them less useful for comparison purposes. For further details on APMs and Non-IFRS Measures, including its definition or a reconciliation between any applicable management indicators and the financial data presented in the consolidated financial statements prepared under IFRS, please see the 2019 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission on 6 March 2020, as well as the section “Alternative performance measures” of the annex to the Banco Santander, S.A. (“Santander”) Q4 2020 Financial Report, published as Inside Information on 3 February 2021. These documents are available on Santander’s website (www.santander.com). Underlying measures, which are included in this presentation, are non-IFRS measures.

The businesses included in each of our geographic segments and the accounting principles under which their results are presented here may differ from the included businesses and local applicable accounting principles of our public subsidiaries in such geographies. Accordingly, the results of operations and trends shown for our geographic segments may differ materially from those of such subsidiaries.

Forward-looking statements

Santander advises that this presentation contains “forward-looking statements” as per the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements may be identified by words like “expect”, “project”, “anticipate”, “should”, “intend”, “probability”, “risk”, “VaR”, “RoRAC”, “RoRWA”, “TNAV”, “target”, “goal”, “objective”, “estimate”, “future” and similar expressions. Found throughout this presentation, they include (but are not limited to) statements on our future business development, economic performance and shareholder remuneration policy. However, a number of risks, uncertainties and other important factors may cause actual developments and results to differ materially from our expectations. The following important factors, in addition to others discussed elsewhere in this presentation, could affect our future results and could cause materially different outcomes from those anticipated in forward-looking statements: (1) general economic or industry conditions of areas where we have significant operations or investments (such as a worse economic environment; higher volatility in the capital markets; inflation or deflation; changes in demographics, consumer spending, investment or saving habits; and the effects of the covid-19 pandemic in the global economy); (2) exposure to various market risks (particularly interest rate risk, foreign exchange rate risk, equity price risk and risks associated with the replacement of benchmark indices); (3) potential losses from early repayments on our loan and investment portfolio, declines in value of collateral securing our loan portfolio, and counterparty risk; (4) political stability in Spain, the United Kingdom, other European countries, Latin America and the US (5) changes in legislation, regulations, taxes, including regulatory capital and liquidity requirements, especially in view of the UK exit of the European Union and increased regulation in response to financial crisis; (6) our ability to integrate successfully our acquisitions and related challenges that result from the inherent diversion of management’s focus and resources from other strategic opportunities and operational matters; and (7) changes in our access to liquidity and funding on acceptable terms, in particular if resulting from credit spreads shifts or downgrade in credit ratings for the entire group or significant subsidiaries.

Important Information

Numerous factors could affect our future results and could cause those results deviating from those anticipated in the forward-looking statements. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

Forward-looking statements speak only as of the date of this presentation and are informed by the knowledge, information and views available on such date. Santander is not required to update or revise any forward-looking statements, regardless of new information, future events or otherwise.

No offer

The information contained in this presentation is subject to, and must be read in conjunction with, all other publicly available information, including, where relevant any fuller disclosure document published by Santander. Any person at any time acquiring securities must do so only on the basis of such person's own judgment as to the merits or the suitability of the securities for its purpose and only on such information as is contained in such public information having taken all such professional or other advice as it considers necessary or appropriate in the circumstances and not in reliance on the information contained in this presentation. No investment activity should be undertaken on the basis of the information contained in this presentation. In making this presentation available Santander gives no advice and makes no recommendation to buy, sell or otherwise deal in shares in Santander or in any other securities or investments whatsoever.

Neither this presentation nor any of the information contained therein constitutes an offer to sell or the solicitation of an offer to buy any securities. No offering of securities shall be made in the United States except pursuant to registration under the U.S. Securities Act of 1933, as amended, or an exemption therefrom. Nothing contained in this presentation is intended to constitute an invitation or inducement to engage in investment activity for the purposes of the prohibition on financial promotion in the U.K. Financial Services and Markets Act 2000.

Historical performance is not indicative of future results

Statements about historical performance or accretion must not be construed to indicate that future performance, share price or future (including earnings per share) in any future period will necessarily match or exceed those of any prior period. Nothing in this presentation should be taken as a profit forecast.

Third Party Information

In particular, regarding the data provided by third parties, neither Santander, nor any of its administrators, directors or employees, either explicitly or implicitly, guarantees that these contents are exact, accurate, comprehensive or complete, nor are they obliged to keep them updated, nor to correct them in the case that any deficiency, error or omission were to be detected. Moreover, in reproducing these contents by any means, Santander may introduce any changes it deems suitable, may omit partially or completely any of the elements of this document, and in case of any deviation between such a version and this one, Santander assumes no liability for any discrepancy.

Index



**Financial
system**



Strategy and
business



Results



Concluding
remarks



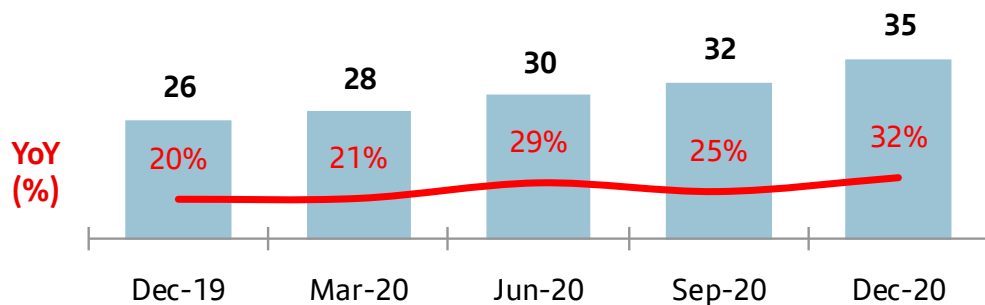
Appendix



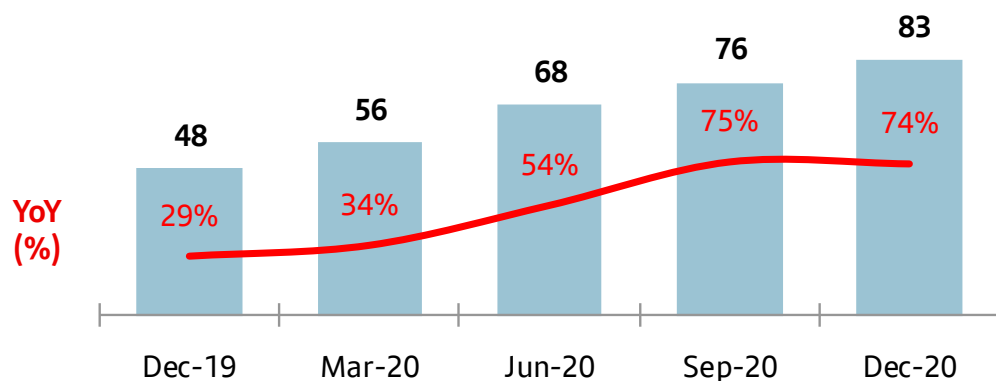
Transactional and well capitalized financial system



Total loans (Constant EUR bn)¹



Total customer funds (Constant EUR bn)^{1,2}



- ▶ Loans/GDP³: 12.0%. Deposits/GDP³: 22.3%.
- ▶ Loans: 49% growth YoY in local currency and 28% fall in dollar-denominated portfolio (in local currency).
- ▶ Deposits: 64% growth YoY, 85% in local currency and +16% in dollar-denominated portfolio (in local currency).
- ▶ High liquidity levels in both pesos and USD. Excess liquidity placed in central bank notes and repos.
- ▶ High inflation adjusted RoE³ at 16.8%.
- ▶ Improving capital ratio³: 23.7%. CET1 Ratio³: 21.8%.
- ▶ Private sector NPL ratio³ at 4.8% and Coverage³ at 115%, impacted by temporary flexibility in regulation.
- ▶ 12M inflation: 36.1%.

Index



Financial
system



**Strategy and
business**



Results














Concluding
remarks



Appendix



Santander Argentina: the leading privately-owned bank in Argentina by deposit volumes

KEY DATA	2020	YoY Var. ⁴
 Customer loans ¹	EUR 4,395 mn	+35.0%
 Customer funds ²	EUR 8,795 mn	+66.6%
 Underlying att. Profit	EUR 179 mn	+91.1%
 Underlying RoTE	26.2%	+4.0 pp
 Efficiency ratio	56.0%	-187 bps
 Loans market share ³	10.6%	+51 bps
 Deposits market share ³	11.2%	-39 bps
 Loyal customers	1.4 mn	-0.5%
 Digital customers	2.6 mn	+20.7%
 Branches	408	-6.8%
 Employees	9,159	-0.2%



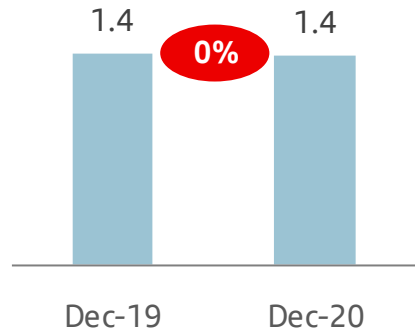
STRATEGIC PRIORITIES

- ▶ Customer-centric decisions, helping people and businesses prosper
- ▶ Progressing towards a simpler and more efficient model, driven by digital transformation
- ▶ Profitable growth increasing revenue with efficient capital allocation
- ▶ Be agile and collaborative, with challenging goals and clear priorities



High digitalization levels and solid loyalty ratio

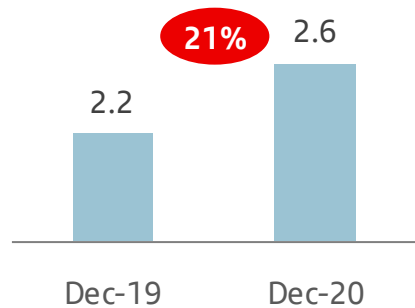
Loyal customers (mn)



Loyal / Active: 44% (-3 pp YoY)

- ▶ Improving customer satisfaction: Top 3 NPS position
- ▶ Total customers increased 365 k YoY
- ▶ Loyal individuals: YoY decrease explained by re-segmentation of our customers towards segments with stricter loyalty criteria and strong growth of our customer base
- ▶ 54% of our SMEs customers and 58% of our middle market companies are loyal customers
- ▶ Loyal corporates and SMEs: Reinforced assistance model through technology

Digital customers (mn)



Digital sales / total²: 71% +8 pp YoY)

- ▶ Digital / active customers: 86%
- ▶ Mobile customers: +44% YoY. 71% of our digital customers are mobile banking users
- ▶ 100% digital onboarding for basic accounts and SMEs
- ▶ Drastically reduced account opening times and improved customer experience
- ▶ Best digital bank¹ in Argentina




(1) By Global Finance Magazine
(2) Full year data



Customer-centric business model

New companies launched

Getnet  Santander group payment solution. USD 20 million investment and generation of 200 new jobs

 Launched with **consumer loans**. Regarding **car loans**, a new origination platform was deployed in bank branches and car dealers' partners

MODO A new **systemic company**, launched in JV with 21 other players, to promote **digital payments** and increase financial inclusion

Enhancing our network model

- ▶ **Santander Express:** expanding our non-banking correspondent network 
- ▶ **Work Café**
- ▶ **Financial inclusion branches**
- ▶ **2.0 branches:** closer to our customers supported by technology

Towards a more digital bank

- ▶ **100% digital onboarding** for basic accounts and SMEs
- ▶ **ECHEQ:** digital experience in check issuing, endorsing and financing
- ▶ **Top app rating** in iOS and Android
- ▶ **Foreign Trade services** in digital channels



Adding value to different audiences



Reward and benefit programmes



Recognitions



- ▶ Best Digital Bank 2019
- ▶ Best Bank 2018



- ▶ Best Bank 2019



- ▶ Top 5 in GPTW for 12 years



We continue doing business in a responsible and sustainable way

Culture¹

Women

18% women in senior leadership positions

5th best workplace for women



Diversity & Inclusion

2020 FLOR diversity award

Volunteering

160 employees contributed over 3.6 k hours of service

Top 3

In Great Place to Work (financial companies)

90% of employees proud to work for Santander²

Green finance

Super préstamo Sustentable

New credit line for energy efficient or environmentally friendly products and sustainable development projects

Electric car loans

0% rate car loans for the purchase of electric ones

Goal: to improve our reputation

Local indices

Communities¹

ARS 23.3 mn

community investment programmes with focus on education and employment

1.3 k universities scholarships

Centros Formar + Potrero Digital

1.3 k young people trained in digital skills

Financial inclusion¹

8.3 k people financially empowered through financial education

Guaranteed financial access to 329 k customers and non-customers



Note: 2020 provisional data, not audited

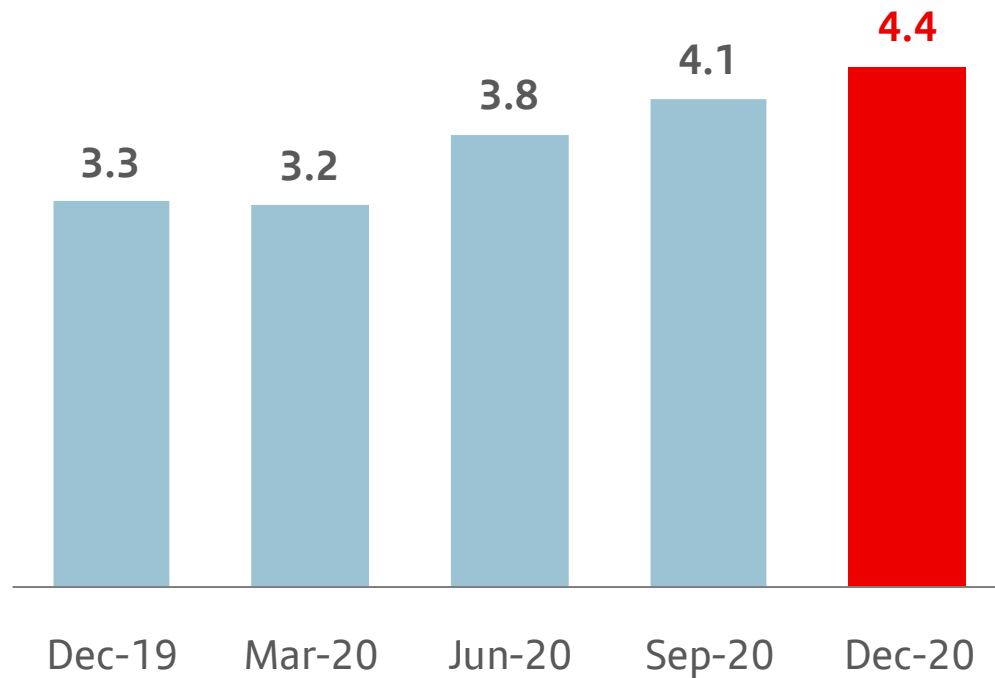
(1) 2020

(2) 2019 Global Engagement Survey



Loans grew 35% YoY driven by SMEs and cards

Total customer loans (Constant EUR bn)¹

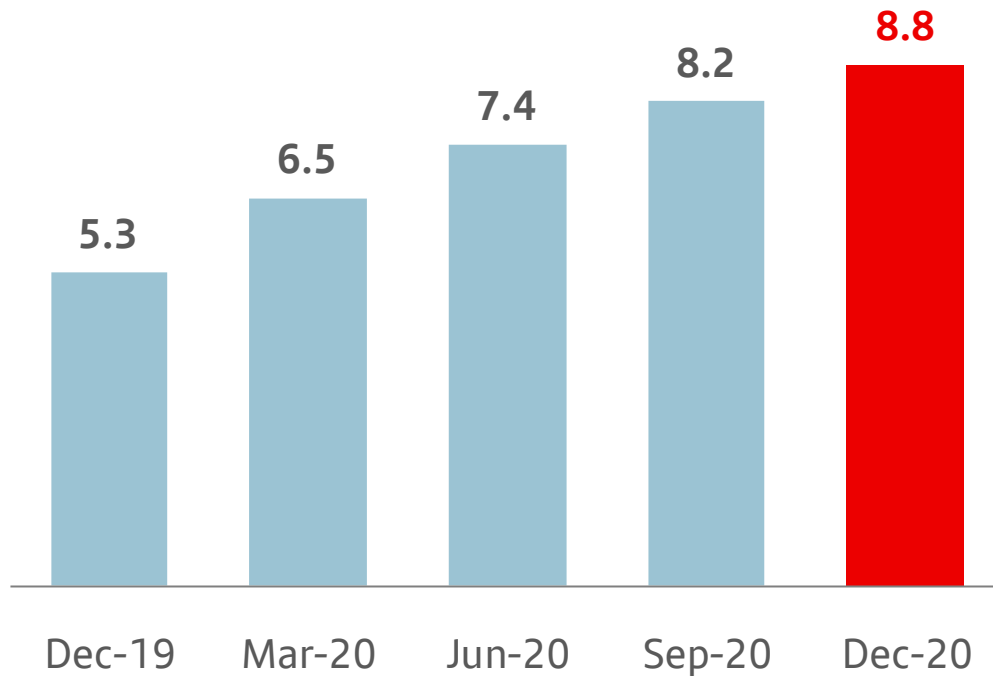


	Dec-20	Dec-19	YoY (%)	QoQ (%)
Individuals²	2.0	1.5	36.0	17.3
o/w Mortgages	0.3	0.2	23.9	6.5
o/w Cards & Consumer Credit	1.7	1.1	46.9	20.0
SMEs	0.5	0.3	77.2	11.1
Corporates & Institutions	0.5	0.5	14.1	-3.1
CIB	1.3	1.0	30.3	-4.2
Other	0.1	0.1	61.6	6.5
Total customer loans	4.4	3.3	35.0	6.8



Total customer funds rose 67% YoY spurred by local currency deposits and mutual funds

Total customer funds (Constant EUR bn)¹



	Dec-20	Dec-19	YoY (%)	QoQ (%)
Demand	5.1	3.3	54.6	10.4
Time	2.1	1.3	64.0	5.0
Total deposits	7.2	4.6	57.2	8.8
Mutual Funds	1.6	0.7	126.0	2.6
Total customer funds	8.8	5.3	66.6	7.6

Index



Financial
system



Strategy and
business



Results



Concluding
remarks



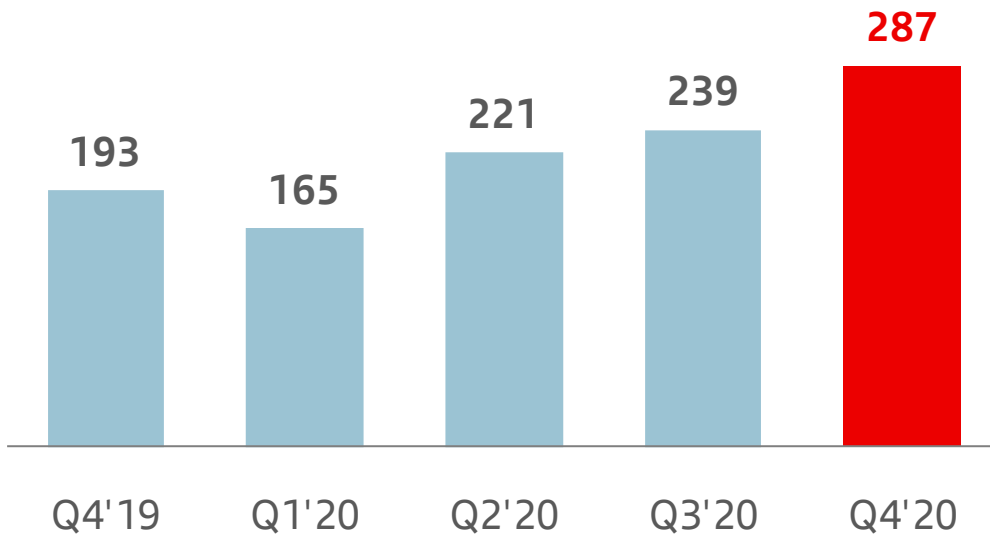
Appendix





Net interest income rose 49% YoY driven by solid deposit growth and lower cost of funding

Net interest income (Constant EUR mn)¹



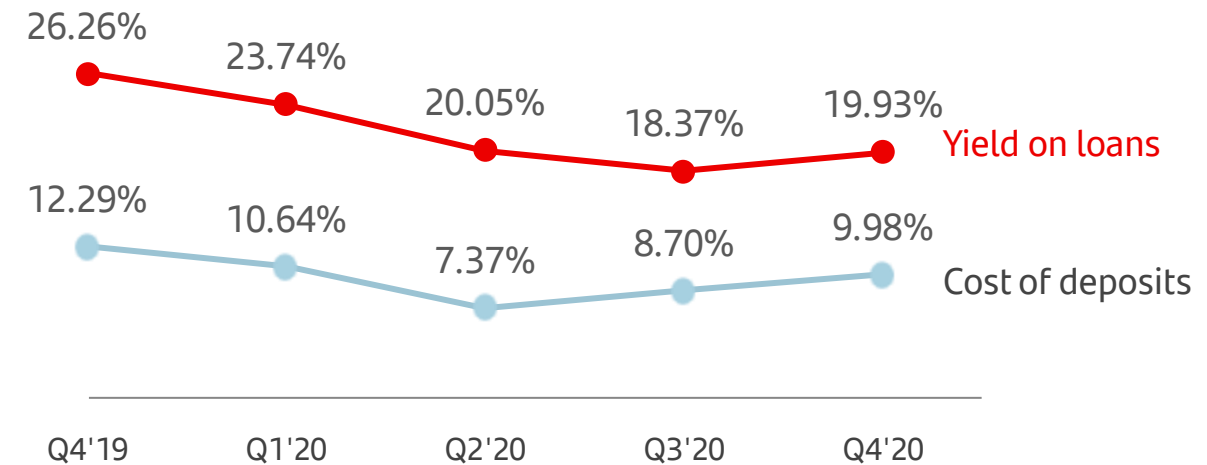
NIM²

12.64%	9.21%	10.83%	10.49%	12.35%
--------	-------	--------	--------	--------

Official interest rate³

48.06%	33.25%	24.42%	29.64%	32.52%
--------	--------	--------	--------	--------

Yields and Costs (%)



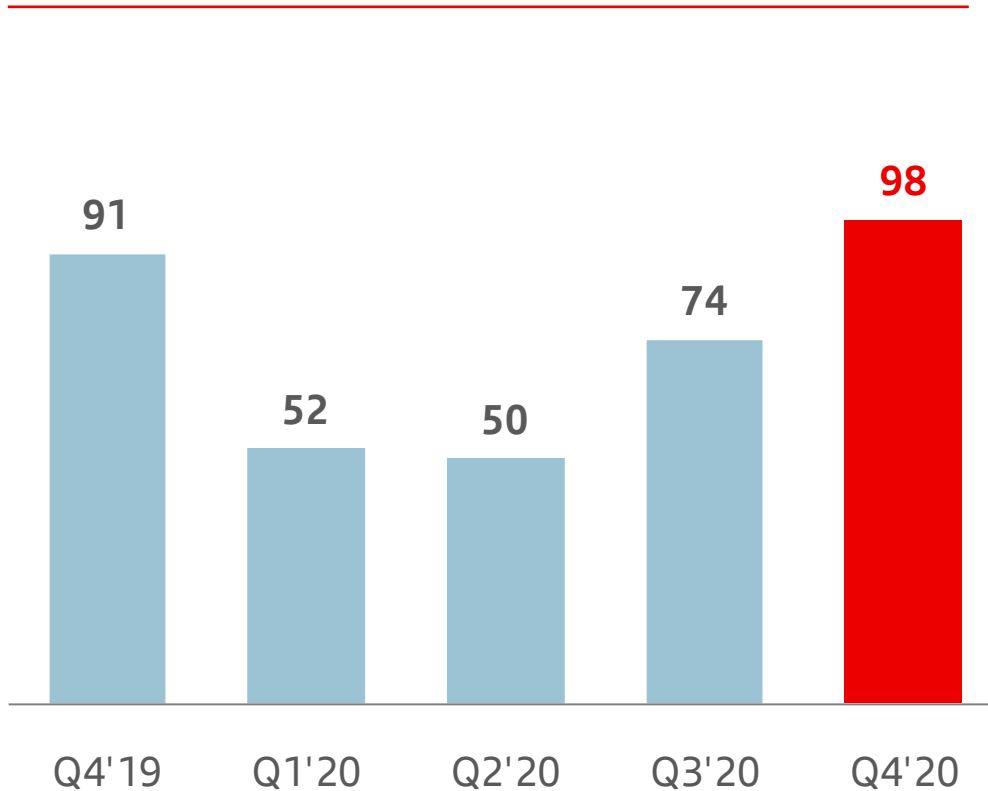
Differential

14.0 pp	13.1 pp	12.7 pp	9.7 pp	10.0 pp
---------	---------	---------	--------	---------



Net fee income decreased 6%, impacted by lower foreign currency exchange transactions and increased regulation

Net fee income (Constant EUR mn)¹

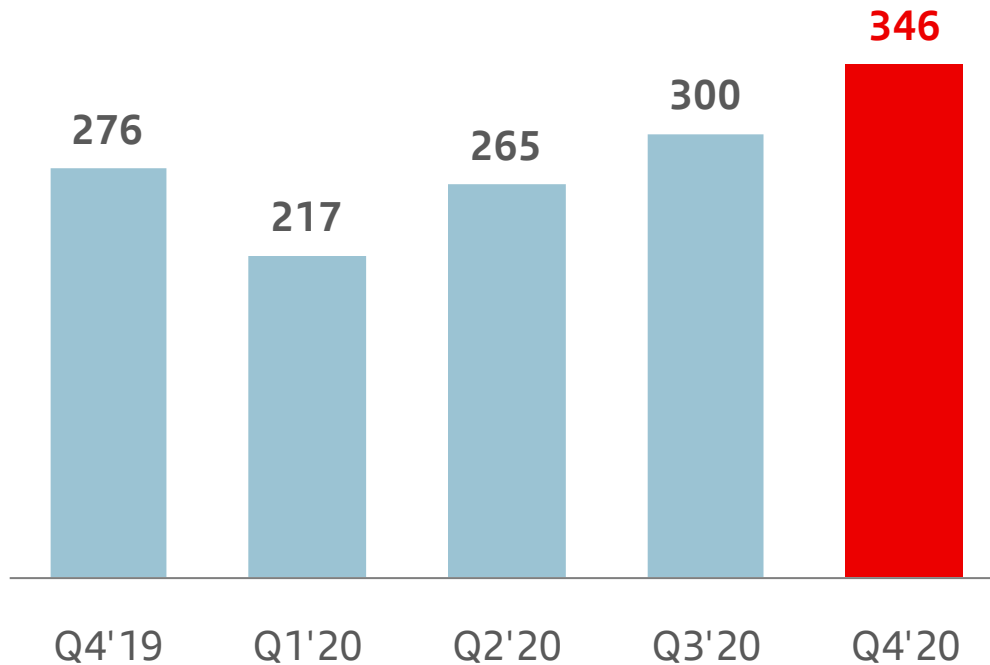


	2020	2019	YoY (%)	QoQ (%)
Transactional fees	181	209	-13.2	16.7
Payment methods	59	44	34.7	99.1
Transfers, drafts, cheques and other orders	35	44	-20.4	32.7
Foreign exchange currencies	21	66	-67.9	-73.9
Other transactional	65	54	20.4	10.7
Investment and pension funds	19	9	105.0	18.9
Insurance	23	14	60.0	13.5
Securities and custody services	5	2	135.9	-1.4
Other	45	56	-20.1	120.1
Total net fee income	273	291	-6.1	32.8



Total income increased 31% YoY on the back of NII growth, more than offsetting the fee income decrease

Total income (Constant EUR mn)¹

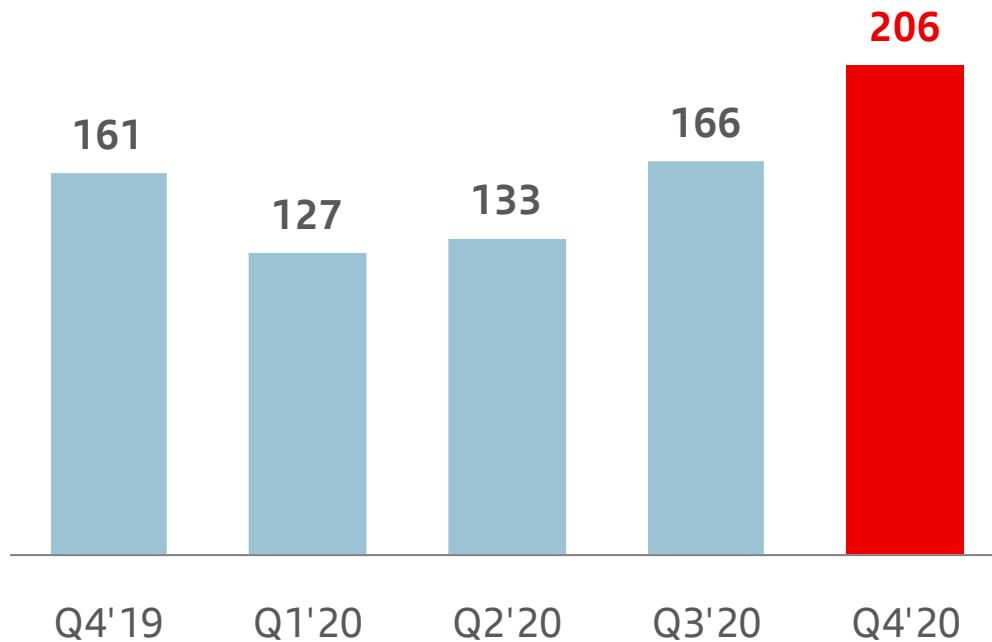


	2020	2019	YoY (%)	QoQ (%)
Net interest income	912	613	48.8	20.2
Net fee income	273	291	-6.1	32.8
Customer revenue	1,185	904	31.2	23.1
Other ²	(57)	(46)	25.2	-
Total income	1,128	858	31.5	15.4



Costs rose 27% YoY at a slower pace than total income and inflation

Operating expenses (Constant EUR mn)¹



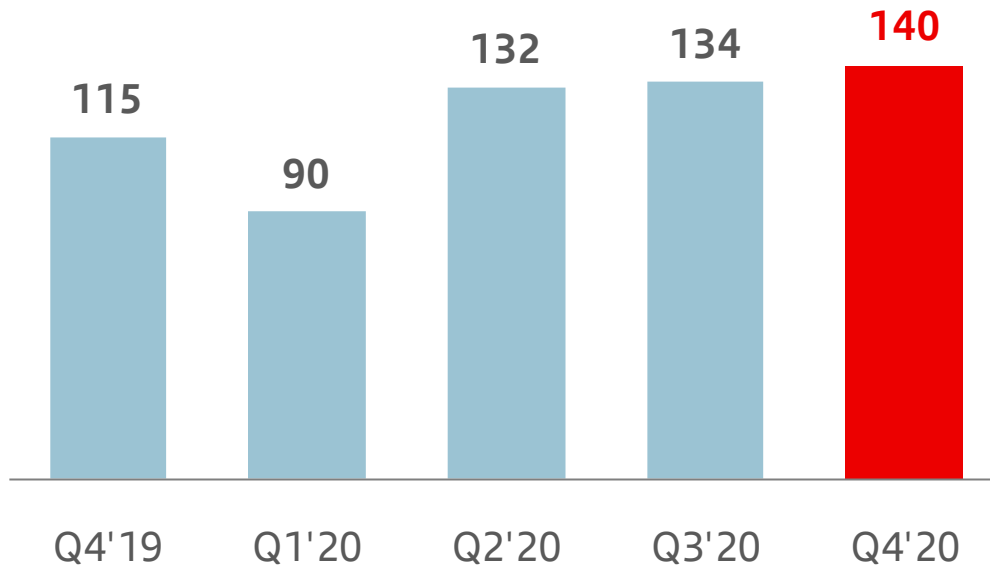
	2020	2019	YoY (%)	QoQ (%)
Operating Expenses	632	497	27.2	24.4

Branches (#)	408	438	-6.8	-4.4
Employees (#)	9,159	9,178	-0.2	-1.2



Net operating income increased 37% YoY due to the increase in NII and the effort in cost management. Strong efficiency ratio improvement

Net operating income (Constant EUR mn)¹

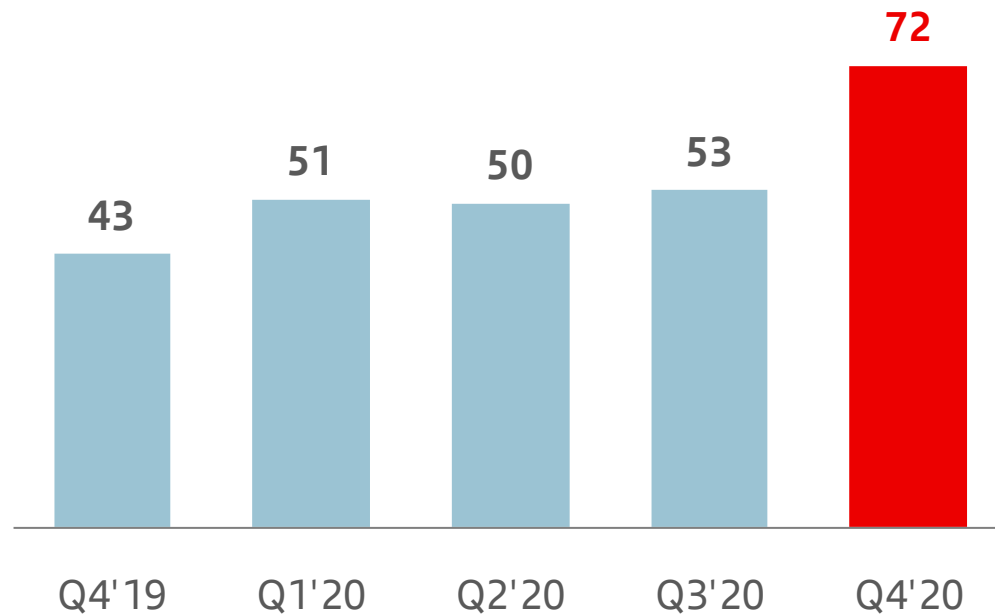


	2020	2019	YoY (%)	QoQ (%)
Total income	1,128	858	31.5	15.4
Operating Expenses	(632)	(497)	27.2	24.4
Net operating income	496	361	37.3	4.3
Efficiency ratio	56.0%	57.9%	-187 bps	



LLPs increased 47% YoY, impacted by covid-19 related provisions

Net LLPs (Constant EUR mn)¹



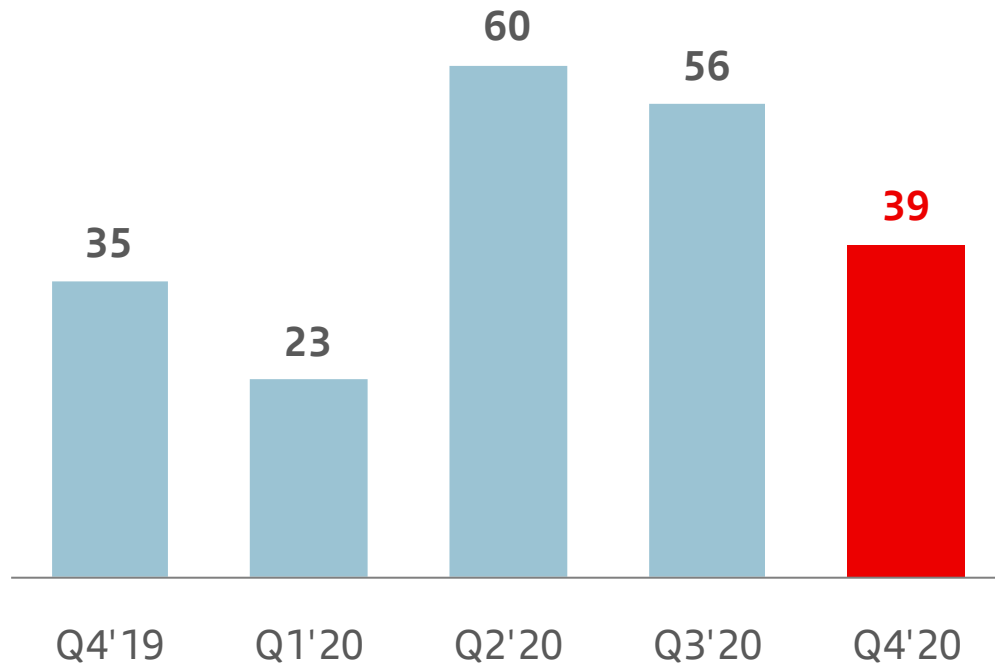
	2020	2019	YoY (%)	QoQ (%)
Net operating income	496	361	37.3	4.3
Loan-loss provisions	(226)	(153)	47.3	37.2
Net operating income after provisions	270	208	29.9	-16.8

NPL ratio	2.11%	3.39%	-128 bps	-77 bps
Cost of credit ²	5.93%	5.09%	84 bps	39 bps
Coverage ratio	275%	124%	151.1 pp	88.8 pp



FY'20 underlying profit boosted by NII, efficiency improvement and a lower tax rate

Underlying Attributable Profit (Constant EUR mn)¹



	2020	2019	YoY (%)	QoQ (%)
PBT	200	142	40.8	-38.4
Tax on profit	(19)	(47)	-59.1	-
Consolidated profit	180	95	90.5	-29.6
Minority interests	(1)	(1)	34.7	-11.5
Underlying attributable profit	179	94	91.1	-29.7

Effective tax rate	9.7%	33.2%	-23.6 pp
--------------------	------	-------	----------

Index



Financial
system



Strategy and
business



Results



Concluding
remarks



Appendix





Concluding remarks

Financial System

- ▶ Transactional and well capitalized financial system
- ▶ High liquidity levels in both pesos and USD. Excess liquidity parked in central bank notes and repos
- ▶ YoY volumes growth in local currency, decreasing in dollar-denominated portfolio

Strategy & Business

- ▶ Santander's strategy will continue to be focused on 4 pillars: customer experience, operational excellence, profitable growth and culture & talent
- ▶ New companies launched: Santander Consumer Finance, *Getnet* and MODO, a new systemic company, launched in JV with 21 other players, to promote digital payments
- ▶ Improving customer satisfaction: Top 3 NPS position
- ▶ Volume growth boosted by local currency portfolio. Foreign currency portfolio declining, in line with the market

Results

- ▶ NII increased 49% YoY, driven by solid deposit growth and lower cost of funding
- ▶ YoY positive jaws with a strong efficiency ratio improvement
- ▶ LLPs increased 47% YoY, impacted by covid-19 related provisions
- ▶ FY'20 underlying attributable profit reached EUR 179 mn, boosted by NII growth, efficiency improvement and lower tax rate

Index



Financial
system



Strategy and
business



Results



Concluding
remarks



Appendix





Balance sheet

Constant EUR million¹

	Dec-20	Dec-19	Variation	
			Amount	%
Loans and advances to customers	4,151	3,124	1,027	32.9
Cash, central banks and credit institutions	3,048	2,550	498	19.5
Debt instruments	1,897	279	1,617	578.7
Other financial assets	59	57	3	4.5
Other asset accounts	832	545	287	52.7
Total assets	9,988	6,555	3,432	52.4
Customer deposits	7,179	4,565	2,613	57.2
Central banks and credit institutions	840	673	167	24.8
Marketable debt securities	20	46	(26)	(56.3)
Other financial liabilities	657	487	171	35.1
Other liabilities accounts	359	256	104	40.5
Total liabilities	9,056	6,027	3,029	50.3
Total equity	931	528	403	76.3
Other managed customer funds	1,616	715	901	126.0
Mutual funds	1,616	715	901	126.0
Pension funds	—	—	—	—
Managed portfolios	—	—	—	—



Income statement

Constant EUR million ¹	2020	2019	Variation	
			Amount	%
Net interest income	912	613	299	48.8
Net fee income	273	291	(18)	(6.1)
Gains (losses) on financial transactions	62	52	10	18.2
Other operating income	(119)	(98)	(21)	21.5
Total income	1,128	858	270	31.5
Operating expenses	(632)	(497)	(135)	27.2
Net operating income	496	361	135	37.3
Net loan-loss provisions	(226)	(153)	(73)	47.3
Other gains (losses) and provisions	(70)	(66)	(4)	6.5
Underlying profit before tax	200	142	58	40.8
Tax on profit	(19)	(47)	28	(59.1)
Underlying profit from continuing operations	180	95	86	90.5
Net profit from discontinued operations	—	—	—	—
Underlying consolidated profit	180	95	86	90.5
Non-controlling interests	(1)	(1)	(0)	34.7
Underlying attributable profit to the parent	179	94	85	91.1



Quarterly income statement

Constant EUR million¹

	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20
Net interest income	98	141	181	193	165	221	239	287
Net fee income	53	59	87	91	52	50	74	98
Gains (losses) on financial transactions	17	7	15	13	16	9	19	18
Other operating income	(16)	(22)	(38)	(21)	(15)	(15)	(32)	(57)
Total income	152	185	245	276	217	265	300	346
Operating expenses	(93)	(109)	(134)	(161)	(127)	(133)	(166)	(206)
Net operating income	59	76	110	115	90	132	134	140
Net loan-loss provisions	(33)	(34)	(44)	(43)	(51)	(50)	(53)	(72)
Other gains (losses) and provisions	(10)	1	(20)	(37)	(9)	(15)	(18)	(28)
Underlying profit before tax	15	44	47	36	30	67	64	39
Tax on profit	(11)	(14)	(22)	(0)	(6)	(6)	(7)	0
Underlying profit from continuing operations	5	30	25	35	23	61	56	40
Net profit from discontinued operations	—	—	—	—	—	—	—	—
Underlying consolidated profit	5	30	25	35	23	61	56	40
Non-controlling interests	(0)	(0)	(1)	(0)	(0)	(0)	(0)	(0)
Underlying attributable profit to the parent	5	30	24	35	23	60	56	39

Thank You.

Our purpose is to help people and businesses prosper.

Our culture is based on believing that everything we do should be:

Simple Personal Fair

